

FISCAL NOTE

HB 2355 - SB 2329

March 16, 2007

SUMMARY OF BILL: Authorizes and empowers the State of Tennessee, acting by resolutions of its funding board, to issue and sell direct general obligation interest-bearing bonds in amounts not to exceed \$461,300,000. Requires \$228,000,000 of the funds generated from the bonds be allocated to Finance and Administration (F&A) for various capital outlay projects; \$82,000,000 for acquisition of land easements and for the purchase of land for the Cumberland Mountain Conservation Project; \$7,000,000 for expansion purposes related to the University of Memphis; \$60,500,000 for state office buildings and the Support Facilities Revolving Fund, and \$83,800,000 to the Department of Transportation (TDOT) for highway construction and acquisitions. Authorizes the funding board to issue bonds in amounts not to exceed 2.5% of the amount specified above for funding discount and costs of issuance. Cancels \$80,300,000 in bonds authorized by Public Acts 2003, Chapter 338.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$50,473,000 - 1st Year Debt Service
(Included in the Governor's FY07-08 Budget Document)**

Other Fiscal Impact – Approximately \$770,000 in additional first-year debt service will be provided by University of Memphis funds. This funding is included in the Governor's FY07-08 Budget Document.

\$759,438,000 Over life of the bonds
\$465,913,000 Principal
\$293,525,000 Interest

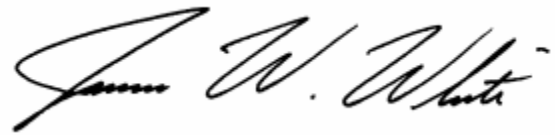
Assumptions:

- All projects authorized by this act shall be approved by the State Building Commission and are included within the Governor's FY07-08 Budget Document.
- Bonds may be designated as college savings bonds pursuant to the Baccalaureate Education Savings for Tennessee Act.
- Cost of issuance is estimated at 1% of face value.

- Principal (\$461,300,000) plus cost of issuance (\$4,613,000) is \$465,913,000.
- Bonds will be issued for a period of 20 years at an interest rate of 6% and 1/20th of the principal plus interest will be paid annually.
- According to F&A, there will be no debt service savings associated with the cancellation of the bonds authorized in 2003.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director